

Message Text

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ACTION EUR-25

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SUBJECT : COMMITTEE FOR MONETARY AND FOREIGN EXCHANGE MATTERS

PASS TREASURY

REF :

(A) CES/73.8

(B) EL 1227

(C) C(73)51

(D) C(72)253

(E) OECD 05147

1. SUMMARY. HEADS OF DELEGATIONS DISCUSSED SUBJECT COMMITTEE MARCH 6 AS REQUESTED IN REF (A). WRITTEN PROPOSALS BY SECGEN CONCERNING WORK OF COMMITTEE (REF B) WERE MODIFIED IN INITIAL ORAL STATEMENT BY SECGEN. MOST DELS PREFERRED MODIFIED FORM. IT WAS AGREED THAT COMMITTEE SHOULD BE LEFT TO SELECT ITS OWN WORK TOPICS AND METHODS THROUGH GRADUAL EVOLUTION. ASSIGNMENT OF DELEGATES SHOULD BE FLEXIBLE AT FIRST, DEPENDING UPON AGENDA. WORK OF COMMITTEE SHOULD NOT OVERLAP THAT DONE ELSEWHERE. FIRST MEETING, NOW PLANNED FOR SOMETIME IN APRIL, WILL CENTER MAINLY ON TECHNICAL ASPECTS OPERATION NEW EXCHANGE AGREEMENT, EFFECT ON IT OF RECENT CURRENCY FLOATS, AND CERTAIN TECHNICAL AMENDMENTS WHICH UNCLASSIFIED

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HAVE ALREADY BEEN PROPOSED BY VARIOUS MEMBERS. SECRETARIAT WILL PREPARE PAPER ON DEVELOPING TREND OF INTEREST RATES, AND MONETARY FINANCIAL FLOWS AND PROSPECTS AZ RELATED TO OPERATION OF GUARANTEE. ACTION REQUESTED. DEPT. VIEWS PARA 5 BELOW. END SUMMARY .

2. DURING DISCUSSION OF REF (B), DELS FROM SWITZERLAND, TURKEY, AUSTRIA, GREECE AND SPAIN INDICATED DESIRE THAT MANDATE OF COMMITTEE BE DEFINED IN BROADEST POSSIBLE TERMS TO INCLUDE WHOLE RANGE OF INTERNATIONAL MONETARY PROBLEMS. THEY FELT THIS WOULD CAUSE NO OVERLAPPING WITH WORK OF OTHER GROUPS, SINCE APPROACH OF THIS COMMITTEE WOULD DIFFER, AND COUNTRIES REPRESENTED WOULD BE DIFFERENT. HOWEVER, MOST OTHER DELS INDICATED PREFERENCE FOR NARROWLY- DEFINED WORK PROGRAM AS ENVISIONED IN INITIAL MANDATE REF (D). FINNISH DEL MADE STRONG STATEMENT INDICATING HE WAS NOT AT ALL PREPARED TO GIVE BROAD INTERPRETATION TO MANDATE OF COMMITTEE, AND THAT MANY OF TOPICS IN REF (B) WERE NOT APPROPRIATE FOR CONSIDERATION BY COMMITTEE. HE FELT WORK OF COMMITTEE SHOULD BE RESTRICTED TO TECHNICAL OPERATION OF EXCHANGE GUARANTEE. OTHERWISE, THERE EXISTS RISK THAT REPS ON COMMITTEE WOULD NOT BE EXPEERT GROUP ENVISIONED AS NECESSARY TO OPERATE EXCHANGE GUARANTEE. HIGHER LEVEL POLICY ORIENTED GROUP WOULD BE INAPPROPRIATE FOR THIS PURPOSE, AND WOULD OVERLAP WITH OTHER GROUPS IN OECD, SUCH AS COMMITTEE ON FINANCIAL MARKETS, WP-3, INVISIBLES COMMITTEE. U. S. DEL SUPPORTED THIS VIEW, INDICATING THAT ORIGINAL MANDATE WAS ADEQUATE FOR PRESENT, THAT IT HAD BEEN PAINSTAKINGLY WORKED OUT AND ALREADY REPRESENTED SIGNIFICANT DEGREE OF COMPROMISE. THUS, IT WOULD BE INADVISABLE TO ATTEMPT TO ALTER OR STRETCH MANDATE AT PRESENT.

3. MANY DELS SEEMED PREPARED TO MAKE STRONG STATEMENTS AGAINST PROPOSALS OUTLINED IN REF (B). HOWEVR, MORE MODERATE TONE OF SECGEN' S ORAL STATEMENT, PROBABLY ON PRIOR ADVICE FROM CERTAIN DELS, MADE MOST OF THESE STATEMENTS UNNECESSARY.

4. SECGEN' S REMARKS INCLUDED SUGGESTION THAT SECRETARIAT PREPARE PAPER ON METHODS TO INFLUENCE MOBILE CAPITAL
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FLOWS, FOR DISCUSSION AT FIRST MEETING OF NEW COMMITTEE.

HOWEVER, MST DELS BELIEVED THIS WOULD BE INAPPROPRIATE,
AND PROPOSED TO HAVE THE INITIAL MEETING MORE NARROWLY
DEFINED.

5. REVISED SECRETARIAT STATEMENT (REF :), ALREADY
DISTRIBUTED TO DEPT, SEEMS ACCEPTABLE TO MISSION, WITH
EXCEPTION OF ITS PARA 11 WHICH REFERS TO ITEM NOTED IN
PARA 4 ABOVE. MISSION WOULD APPRECIATE VIEWS CONCERNED
AGENCIES REGARDING APPROPRIATENESS INCLUSION THIS ITEM
(PARA 11, REF C) IN INITIAL WORK OF COMMITTEE.
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